

EXHIBIT 016

November 5, 1998

Mr. Hal Fitch
State Geologist & Assistant Supervisor of Wells
State of Michigan Department of Environmental Quality
Geological Survey Division
P.O. Box 30256
735 East Hazel
Lansing, Michigan 48912

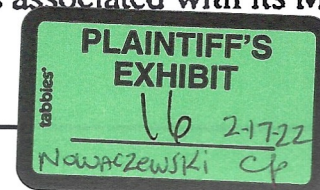
**SUBJECT: MICHIGAN GEOSearch INC. PILAT 1-24 WELL,
LENOX TOWNSHIP, MACOMB COUNTY**

Dear Mr. Fitch:

The purpose of this letter is to advise you of discussions ANR Pipeline Company has had over the past few years with representatives of Michigan Geosearch, Inc., (MGI) concerning the subject well. Michigan Geosearch believes they have evidence of direct pressure communication between ANR's Muttonville Storage Field and the Pilat well which is located in the NE/4 of Section 24, Lenox Township, approximately 1/2 mile southeast of the Muttonville field. ANR was first contacted by MGI concerning its interest in selling the well in December, 1994. At that time, the Pilat well had ceased production some six months prior. During that period, MGI had run two bottom hole pressure surveys on the well, and evidently concluded from pressure build up data that the well was being repressurized from ANR's Muttonville field, and that ANR should therefore be interested in purchasing the well.

ANR met with Mr. Tim Fodor in early 1995 to discuss the shut-in pressure and production history of the Pilat 1-24 well. Subsequent to that meeting, MGI conducted two additional shut-in bottom hole pressure surveys and provided the results of both surveys to ANR in June, 1995. ANR conducted an extensive evaluation of all of the data provided by MGI, as well as an extensive evaluation of its storage operations at the Muttonville field. We concluded there was no evidence of any pressure communication between the Pilat well and the Muttonville field, nor any evidence of measurable gas loss from Muttonville. Based upon the results of its evaluations, ANR informed MGI that it had no interest in purchasing the Pilat well.

Since that time, MGI has run at least five additional bottom hole pressure surveys, the results of which have all been provided to ANR. ANR conducted a thorough review of this additional information, as well as further reviews of the integrity of its storage operations at Muttonville and remains convinced that there is no evidence of any pressure communication between the Muttonville field and the Pilat 1-24 well. Nor is there any evidence of gas loss associated with its Muttonville storage operations.



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Recently, Michigan Geosearch again approached ANR suggesting this time that ANR's storage operations are the cause for the poor production character of the Pilat well. ANR's position remains unchanged with respect to any connection between its storage operations at Muttonville and the Pilat well. ANR is aware that in July, 1997, MGI was granted a one year Temporary Abandonment Status for the Pilat well for the purpose of running a series of bottom hole pressure tests to determine the "source of repressurization". The results of any tests performed since that time have not been made available to ANR. It is ANR's position that MGI is free to either produce the Pilat well in accordance with whatever ability the well may have to produce, or plug the well. Given the history of our discussions with MGI, we felt it prudent to advise you of this situation. To the extent you or your staff would like to discuss this matter with ANR, I would be happy to do so. I may be reached at: (313) 496-2448.

Sincerely,



Richard J. Gentges, Director
Reservoir Engineering & Geology

RJG/fmb

cc: D. J. Elenbaas
B. A. Friis
S. F. Nowaczewski
M. J. Whims